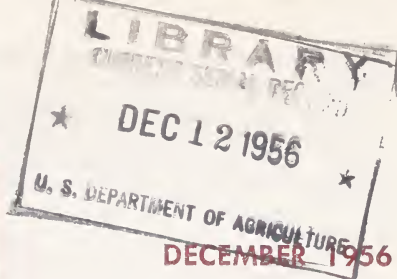


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Agricultural Situation



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Agricultural Marketing Service
U. S. Department of Agriculture

LIVESTOCK MEN MAY GAIN SOME SMALL PRICE HIKES

For livestock producers, a modest improvement in prices and in income seems likely to be in store in 1957.

Here are the details, as they were presented to the recent Agricultural Outlook Conference in Washington, D. C. Some you already know. Some others are new, or at least reevaluated and reappraised.

The spectacular production expansion in your industry since 1951 gave consumers, in 1956, the largest per capita ration of red meat since records began in 1899. There was enough meat available to furnish 163½ pounds to every man, woman, and child in the United States.

Output up, prices dropped. Prices early in 1956 fell to their lowest level since wartime price controls ended. In fact, they were depressed out of all relation to the high incomes enjoyed by consumers in 1956. But prices began to stiffen even by midyear as supplies of livestock and meat leveled out.

True, no great revival has appeared. Nor is one in view. Certain prices—for high grade steers, for example—probably will be somewhat lower this winter than their midfall levels.

Nonetheless, it appears that prices to producers will average a bit higher

in 1957. And the consumer will be asked to pay a little more for his meat than he did in 1956—even though retail prices certainly will remain well below those of a few years ago.

Biggest and most certain of the changes in prospect for 1957 are in hogs.

Last spring, 8 percent fewer pigs were saved than a year before. Since October, that has been influencing the hog slaughter rate. It will result, for the

Introducing . . .

James M. Buckley is the new editor of *Agricultural Situation*. Jack L. Flowers will continue to supervise this publication. We appreciate the fine response from you crop and livestock reporters and agricultural workers in suggesting improvements which we will continue to welcome.

What about the new *Woman's Page*? Do you farm women want it continued?

Please write your suggestions to Jack L. Flowers, Marketing Information Division, Agricultural Marketing Service, USDA, Washington 25, D. C.

next few months, in slaughter substantially below a year earlier.

Moreover, slaughter will continue moderately lower through at least the spring and summer of 1957, because the 1956 fall pig crop also was down.

Farrowings

Let's look farther ahead. Back in September, producers intended to hold farrowings in the first half of the new spring season (December to February) 4 percent below a year earlier.

Based on the September plans, farrowings seem unlikely to regain year-earlier numbers until far into the spring season. This is true despite improved prices for hogs this fall and a bumper corn crop; the corn crop was offset in part, though, by unrestricted price support available at \$1.25.

Best early estimate is that the total 1957 spring pig crop would not be up very much. It is more likely to be a little smaller. These pig-crop prospects mean that hog slaughter in 1957 will stay below 1956 at least until near the end of the year.

In recent years, hog prices have reacted quickly to changing supplies. Consequently, they may advance appreciably in response to reduced marketings in 1957. And since even the spring pig crop will scarcely regain its earlier levels, the outlook is relatively favorable through the fall and winter of 1957-58.

Supporting these forecasts is a pork-supply estimate of 63 pounds per consumer in 1957. This is 3 pounds less than consumption in 1955 and 1956. In fact, except for 1954, it is equal to the lowest-supply years since 1938. Even though demand for pork isn't very strong these days, this is a fairly low supply level.

This reduction in supply for consumers would appear harsher were it not for consumers' own indifference toward accepting a generous pork supply in recent years. Their expenditures for pork have slipped rapidly and in 1956 are the smallest since 1946 in dollars, and the smallest ever (except one wartime year) as a percent of consumers' income.

More salutary is the demand and production record for beef. Beef output in 1956 is twice that of 1940. Cattle numbers and slaughter are at an all-time high. The expansion has virtually stopped, however. The approximately 40.4 million cattle and calves being slaughtered in 1956, 1 million above 1955, may be enough to arrest the previous slow upward trend in inventory numbers. This is likely because the calf crop was indicated in July to be up only 300,000. Any change in the inventory in January 1957 will be small. And it could be in either direction.

The Nation's cow herd likewise is nearly stable. Fewer cows have been slaughtered but there are fewer heifers as replacements. A slow shift continues from milk to beef cows.

Major change in the 1957 cattle inventory will be a welcome absence of an overload of heavy steers. This season, unlike last, cattle are being fed fast for marketing at younger age and lighter weight.

Instead of so many heavy steers, it's probable that as many or more calves and light-weight yearlings will be on farms in January. At least as many will be fed during the year. Total cattle slaughter in 1957 will likely about equal 1956—though the weather should influence the actual changes.

The most significant difference could be in lighter slaughter weights. This

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would have two effects. First, it would reduce the total tonnage of beef. Second, it would prevent discounts for overweight and overfinish such as featured the early 1956 market.

Another possible difference in 1957 is a more even monthly distribution of fed beef. That's because the many calves being placed on feed may hold fall production above 1956.

Fed Cattle Prices

Prices of fed cattle this winter will probably be seasonally lower than their early fall high. Yet they are expected to remain above their levels of the first half of 1956—in short, to return higher profits to feeders than they did a year before.

On the other hand, a 1957 summer price rise equal to that of 1956 is not to be expected.

Looking at it from the standpoint of your customer, the consumer, it adds up to this:

He may have a little less beef to eat than he did in 1956. The forecast total is 80 pounds for 1957, compared to 83½ pounds in 1956. That 80 pounds would be more than in any year except the last two. And he will have very nearly as much fed beef.

He will have to pay higher prices during the first half of 1957 than he did a year earlier. It's not so certain he will in the second half. To producers, it is a slightly improved outlook. But no major trends are underway.

That long awaited upturn in the production of sheep and lambs hasn't yet been realized.

Since May, lamb prices to producers have averaged \$1.00 above a year before. There are incentive payments, of course, for wool. Sheep production is increasing in the East. This has been offset by decreased sheep production in the West caused by the shortage of labor on western ranches and by drought in the Southwest. As of mid-November, a production rise for sheep and lambs just hadn't materialized yet.

However, it's not uncommon for a response to price to be slow. It could

be that the results of higher returns in 1956 may show up in 1957. Certainly increases in numbers can be expected sometime. But when?—That's the unanswered question.

Lamb prices are always affected by prices of other meat animals, especially steers. Chances appear good that prices will retain a higher level during the first half of 1957. It is less probable that they will do so in the second half.

Meat is such a favorite dish of the American consumer that it's hard to be pessimistic about the longer outlook for the meat animal industry—at least so long as employment and income of consumers remain high.

Best predictions that can be made: Livestock production will expand gradually. Future prices will be reasonably satisfactory to producers. Meat animals will contribute a rising proportion of cash receipts to farmers.

On the other hand, events in recent years do suggest that whenever meat supplies exceed 160 pounds per person by a fairly large margin, it is hard to maintain acceptable prices to producers. There is a tendency for costs of marketing and costs of distribution to increase. That limits the potential market.

Consumers are allotting an even smaller proportion of their incomes to meat. For these reasons, the future expansion in meat animal production will be much slower than in 1951-56.

Soil Bank Effects

What about the Soil Bank? How will that affect the livestock picture in the next few years?

It will perhaps do three things:

First, prevent excess production of meat animals, such as plagued the industry in late 1955. Second, reduce carryover stocks of feed grains. Third, gradually bring the capacity for feed and livestock production into balance.

It isn't considered likely, as of the end of 1956, that the Bank would prevent meat animal production from increasing gradually.

Harold F. Breimyer
Agricultural Economics Division, AMS

CROP REPORTING PROGRAM

BENEFITS STATE, NATION

The joint USDA-State Crop Reporting Program—which started in 1917 as a hurried footnote to the winning of World War I—has just passed another milestone. North Dakota has just become the 41st State to announce active participation by undertaking a State program to supplement that of the Federal Crop Reporting Service.

Altogether, 41 States and the Territory of Hawaii now work with USDA's Agricultural Marketing Service to provide cooperative crop and livestock reporting services, furnishing timely, current production facts essential for growers to know. The agreements are signed on behalf of the States for the most part by the State Department of Agriculture, but in some instances by the State agricultural college.

Both Federal and State interests are benefited by the cooperative enterprise.

Started in 1917

The cooperative idea was pioneered in Wisconsin in 1917 when it was considered a win-the-war measure. Today, as might be expected from its great agricultural resources, California tops all the other States in the scope of its associated State-supported program, both financially and personnel-wise. The group next in order includes North Carolina, Wisconsin, Florida, New York, and Illinois, just to mention a few.

What does a State gain by participation?

Obviously, a great deal, or it wouldn't join forces. It is not as though it would otherwise be left out of the Federal Crop Reporting program. The latter is in operation for all States, including the seven in which there are no active State programs joined. It would be impossible for USDA to try to present a faithful picture of the situation as to America's major crops at any given time if conditions in all States were not represented.

Part of the reason for the widespread

interest among the States is that cooperation makes it possible to give growers more guidance of a localized or detailed nature than the Federal program alone can provide, for example, by estimating acreage and yields on a county or area-wide basis within a State rather than merely for the State as a whole.

But this alone is not the whole benefit. State participation greatly enhances the value of the reporting services. This can be said even though State and AMS personnel work together so harmoniously—and apparently so inextricably—on the many different segments of a joint program that often it is impossible to differentiate separate State and national efforts in the total cooperative output.

State dollars also serve just as harmoniously with Federal dollars as State personnel with Federal personnel. It is certainly true that State expenditures on these State-sponsored programs this year are augmenting the Federal program costs by more than 25 percent—but again it would be difficult for the layman to identify exactly what the State paid for and just what was financed by Uncle Sam.

But here is what California—to take just one example—believes it is gaining from the joint program.

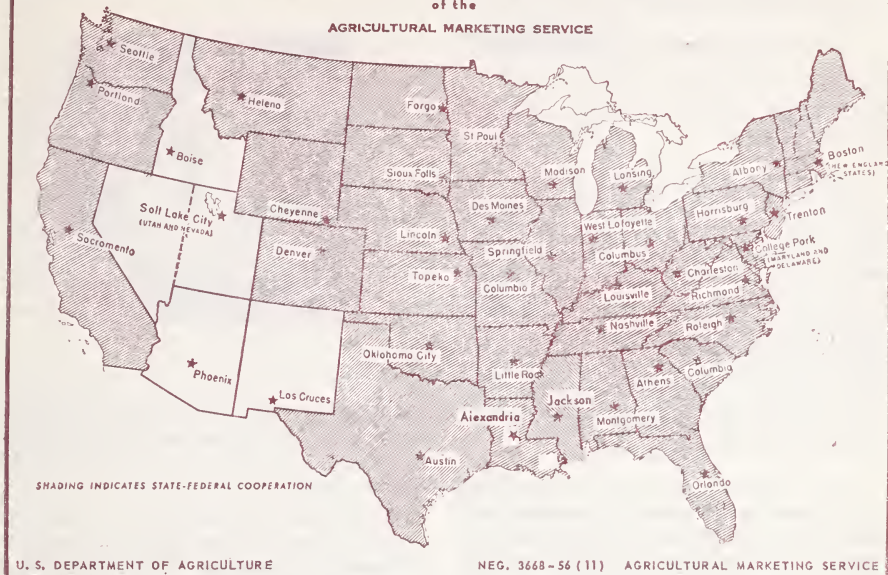
In that State, the Federal-State crop reporting office acts both as an AMS field unit and as the Bureau of Agricultural Statistics of the State Department of Agriculture. The records and estimates of California's agriculture, which it develops, are correlated by the U. S. Crop Reporting Board with similar data from other States to present a national picture.

Also, for example, through cooperation with the county agricultural commissioners in California, the Bureau is able to maintain year-by-year detailed acreage records for all major fruits and tree nuts in every county. Parallel work, on county or area bases, can be performed for growers interested in

OFFICES OF STATE AGRICULTURAL STATISTICIANS CROP AND LIVESTOCK REPORTING SERVICE

of the

AGRICULTURAL MARKETING SERVICE



grains, dairy products, cotton, vegetables, poultry and eggs, livestock, and other products.

Research Important

Research work on crop forecasting and estimating techniques, the State publication says, is another major facet of the program. Through the use of Federal-State funds, the California Bureau can test new sampling and estimating methods and at the same time render special service to commodity groups in the State.

All these facts are gathered and the results made available to growers largely because of the cooperative response of the growers themselves. While the State Statistician and his assistants can contribute much by field inspection, the reliability and usefulness of estimates and reports in the final analysis rest upon the willingness of the individual grower to turn in his reports regularly and on time.

Paul L. Koenig
Agricultural Estimates Division, AMS

MORE LAMBS TO BE FED THIS WINTER

The number of sheep and lambs to be fed for the winter and early spring market will be larger than last year but slightly below the level of the 1954-55 season. That was the Crop Reporting Board's estimate as of November 1.

Nationally the 1956 lamb crop was 1 percent larger than in 1955, although only about the same as in 1955 in the 11 Western States, South Dakota, and Texas.

A large percentage of the western lamb crop has moved as feeders. The movement has also been relatively early, with the average weight per head somewhat below last year.

Dry weather in eastern Colorado, Kansas, Oklahoma, and Texas had severely curtailed wheat pasture operations, except on a very limited acreage of irrigated land.

"Bert" Newell's Letter

Merry Christmas, folks! It looks like a good one for us and I hope it will be a good one for you too. This seems like a good time to bring you up to date on the happenings around our house.

For the first time in several years now, we are not having to send Christmas packages abroad to our son who returned from Europe; he is out of the Army now and taking animal husbandry at the University. It sure is good to have him back again.

One daughter and her husband are living nearby—that is, if you consider 25 miles out in the country nearby. We used to think that was quite a piece up the road, but now-a-days it is not much more than a hop, skip, and a jump.

Our other daughter and her husband have just bought a home up in Pennsylvania right near the New York State line. It's not a farm, but as usual it is out in the country where the kids are free to roam the fields, cut their own Christmas tree, and do a lot of those things my wife and I used to do when we were kids. They are having a lot of fun and new experiences now that their oldest boy is in the first grade. Little brother and sister are wide-eyed at big brother's new accomplishments.

I guess that our year has been about like that of most other families. There have been good spots and bad, happy times and sad times; but I look at things sort of like this. You can't go back and do over yesterday. How many times I wish that it were possible. But you can't, so there isn't much use worrying about it.

It's much more important to try to make good use of all our experiences. We'll feel good about the successes, but for the blunders, let's worry about



them just enough to be sure that we recognize the mistakes thoroughly so we can do our best to avoid making them again.

Christmas to most of us is a symbol of new hope, the dawning of a new day, a time for great joy—"For unto you is born this day, a Saviour . . ." Remember? So may it be for you a happy and joyful time.

While the old gent with the long, white whiskers passes out gifts to the excited younguns, us older folks can derive our greatest pleasure from their beaming faces and the message of good cheer from relatives and friends.

And now, to each one of you, I want to say "thanks" for the friendly and helpful cooperation you have given us all during the year. We have enjoyed the association and the many letters we have received.

For the New Year, let me, with apologies to Ralph Waldo Emerson, say—Let's look at 1957 as a new day; begin it well and serenely with too high spirit to be cumbered with worries over past blunders. This year is all that is good and fair, it is too dear, with hopes and invitations, to waste a moment on yesterday.—In other words, Happy New Year!

S. R. Newell
Chairman, Crop Reporting Board, AMS

The net income realized by farm operators this year is up slightly from 1955—the first increase since 1951. Another gain is likely in 1957.

Economic activity is expected to continue to expand in 1957. This means high production and employment, a further rise in consumer income and strong demand from consumers. Export prospects are good.

Around 40 to 45 million acres could go into the Soil Bank in 1957, reducing total crop production in 1957. Reduced hog production this fall also will cut meat production in 1957. Strong demand, increased exports, and a reduction in output point to a slightly higher price level in 1957.

Prices paid by farmers, particularly for items produced by industry, are likely to continue slowly upward. But with fewer acres being farmed, total production expenses probably will be about the same as in 1956.

Livestock

During much of 1957, hog prices are likely to be at the highest level since 1954. But higher prices and the big supply of corn may stimulate farrowings by the middle of the spring season. Hog prices in the fall of 1957 are likely to be closer to a year earlier than in the first half. Cattle, sheep, and lamb prices may average slightly higher than this year.

Dairy

Milk output next year probably will be up to between 129 and 130 billion pounds from the 127 billion estimated for 1956. Rising trend in output per cow will continue. Consumer demand will be at least as strong as in 1956.

Poultry

Production of eggs, broilers, and turkeys in 1957 is expected to exceed

the 1956 peaks. Prices of eggs and turkeys are likely to be down slightly; broiler prices up slightly, from this year.

Fats and Oils

Production of food fats is up but stocks are down and the supply for 1956-57 will be at about last season's record level. Supplies of vegetable oils are higher this year because of record soybean production but lard and butter supplies are lower. Exports are likely to reach the 1955-56 record level.

Fruit

Consumer demand next year is expected to be at least as strong as this year. Exports are likely to increase. Increased orange production is likely.

Vegetables

Supplies of processed vegetables for distribution into mid-1957 are well above those of a year earlier. Retail prices are expected to average a little lower. Potato supplies for the fall and winter are substantially larger than last year and in excess of normal market requirements.

Cotton

Exports are expected to nearly triple the low 1955-56 figure of 2.2 million bales and reduce the carryover during 1956-57 for the first time since 1950-51. Small stocks abroad and reduction in the U. S. export price will help. U. S. mill consumption may be down somewhat.

Wool

Gross income from sheep in 1956 will be the highest in several years, due to Government payments received this year on marketings of lambs and wool in 1955.

DAIRY FARMER GETS LESS OF CONSUMER'S DOLLAR

The average price paid by consumers for a quart of fresh whole milk went up one-fifth from 1947 to 1955. Who got the additional money?

Not the farmer. The average price farmers received for milk was about the same in both years.

In 1947 the farmer received, on an average, 55 cents out of every dollar spent by the consumer for fresh milk. In statistician's language, the farmer obtained, on the average, 55 percent of the consumer's milk dollar. But, in 1955, the farmer received an average of only 45 percent of the consumer's milk dollar—only 45 cents out of every dollar spent for milk.

Actually the consumer had to spend \$1.20 in 1955 for the same amount of milk he purchased for \$1.00 in 1947. But, since the farmer got only 45 percent of the amount, the farmer received only 54 cents of the \$1.20.

Consumer Pays More

Whichever calculation you use—that the farmer obtained 45 cents per \$1.00, or 54 cents per \$1.20—it's plain that the farmer is getting no more even through the consumer is paying more.

And, of course, that 45 or 54 cents is far from representing a net profit to the farmer. He has to take out of it all his own expenses as a milk producer.

Then what became of the 55 cents per \$1.00 that the farmer does not receive?

That 55 cents went to meet the costs of marketing the milk—costs that are way up since 1947 when only 45 cents of the consumer's milk dollar went for that purpose. Or to summarize:

The farmer got about as much for milk in 1955 as he did in 1947 but less than he received in most recent years. But it costs more to market the milk. So the retail price is higher.

But the incomes of consumers are



up, too. So, in the final analysis, although the consumer pays more money for his milk, he is actually using a smaller percentage of his income when he buys a quart of milk now than he did in 1947.

To unravel all this, let's begin with marketing costs. What are they?

There are three major steps in marketing milk—assembly, processing, and distribution. In most cases, special milk marketing firms perform all three functions.

A few firms, however, operate only country plants. These plants assemble milk and ship it to other plants for processing. A few firms only process milk. A few buy milk from processors and perform only the distribution function.

Firms that specialize in marketing milk generally are called milk dealers. Approximately half the fluid milk is sold to consumers through retail stores. The costs and profits of these stores in handling milk are a part of the marketing margin—the difference between what the farmer receives and what the consumer pays.

Knowing this, it's possible to isolate each item of marketing costs and determine how they add up to 55 cents of the consumer's milk dollar.

First, there are charges for hauling milk from farms and receiving it at processing and bottling plants. There went 5 cents of that 55 cents. Process-

ing and bottling costs are 18 cents. That makes 23 cents.

Distribution costs are as much as both the first two items together or another 23 cents. Management costs are figured at 4 cents. Finally, marketing firms received 5 cents in profits. Altogether, 55 cents.

But why did all or some of these items rise in cost between 1947 and 1955?

Labor costs have risen since World War II. The costs of employing the workers engaged in marketing made up about a fourth of the dollar spent by consumers for milk in 1955.

Besides wages, salaries, and commissions, this cost includes payroll taxes, employers' contributions to pension funds, and the cost of other fringe benefits.

Milk Dealer Survey

The labor cost per quart of milk handled was between 25 and 30 percent higher in 1954 than in 1947-49. These estimates are based on data from a nationwide survey of milk dealers conducted by the University of Indiana for the Milk Industry Foundation.

The labor cost per quart of milk has not risen by as large a percentage as hourly earnings of employees because the number of units handled per man-hour has increased.

Depreciation, property taxes, insurance, and other property expenses accounted for 9 cents of the consumer's dollar.

Next to labor, containers represent the largest single element of cost in marketing fluid milk. Prices of container-paperboard were 20 percent higher in 1955 than the average for 1947-49. Prices for glass containers were 43 percent higher. Altogether, containers accounted for 6 cents of the consumer's milk dollar.

Other purchased supplies and services, together, totaled another 6 cents. These include rising costs of fuel used in dairy plants, principally manufactured and natural gas, fuel oil, and bituminous coal.

Costs of operating milk delivery

trucks also increased considerably during the period. Prices of trucks were about a fifth higher in 1955 than in 1947-49. Costs of repairs, tires, tubes, and gasoline all have increased.

Rents, State and local taxes, advertising rates, and most other expense items have increased in recent years. Altogether, advertising and other sales promotion and miscellaneous expenses are rated at 4 cents of the consumer's milk dollar.

There are, however, some factors that have cut down marketing costs. There had to be, or the farmer would have obtained even less of the consumer's milk dollar in 1955 than he did.

One saving came by reducing milk deliveries to homes from every other day to three times a week. This is now the custom in most cities. Another development has been the increase in the amount of milk sold in retail stores. During recent years, the average per-quart price to urban consumers in retail stores has been more than 1 cent lower than the average per-quart price for delivered milk.

Now what about those 5 cents in profits obtained by the dealers?

Income taxes have to be taken from that 5 cents. For some of the larger corporations marketing fluid milk these amount to slightly more than 50 percent of net income.

Profit data for several recent years are available for milk dealers surveyed by the University of Indiana. Their net profits (after taxes) as a percentage of sales were: 1.7 percent in 1947, 2.1 percent in 1949, 1.4 percent in 1952, 2.1 percent in 1953, and 2.3 percent in 1954.

Bargain Food

The consumer is paying 20 percent more for milk out of his increased income but he is getting a better product. Those additional refrigeration and homogenization expenses, which swelled marketing costs, have distinctly improved the quality of the milk. And fresh milk is still one of the "bargain" foods on the basis of its nutritional values.

Forrest Scott
Marketing Research Division, AMS

POTATO GROWERS GET PAID FOR KEEPING BACK CULLS

Production of fall potatoes as of November 1 is estimated by the Crop Reporting Board at 167,266,000 hundredweight. This is 18,883,000 hundredweight above 1955. It is 17,091,000 hundredweight above the 1949-54 average.

These figures make it more important than ever that potato growers take a good, long look at USDA's Potato Diversion Program.

Program Aims

Just as last year, the program aims to get the best potatoes into the market baskets of shoppers, divert the culls and low-grades to starch, feed, and flour.

Payments for diversion will be highest—50 cents per hundredweight—for potatoes placed under the program by December 31. Payments decline to 40 cents through March 31, 1957. They fall to 30 cents during the rest of the program or until June 30, 1957, whichever comes sooner.

That is to emphasize that the grower who moves the fastest to take advantage of this plan gets the mostest.

Payments will be made only for diverted potatoes of U. S. No. 2 quality or better with a minimum diameter of 2 inches. For long varieties, minimum diameter must be 2 inches or minimum weight must be 4 ounces. That's to make sure that only the best potatoes are offered the consumer.

The mechanics of the whole thing are simple, in fact they are unchanged from last year.

First, you can use the program only if you are in a State or area where the industry submits a marketing plan acceptable to USDA.

Second, payments begin the moment the local marketing plan is approved and the first growers prove their claim to the diversion payments. Again as

last year, the program will be locally administered through the State and County Agricultural Stabilization and Conservation Committees.

But just what is an acceptable marketing plan?

To get that entirely clear, keep in mind that the whole purpose of the program is to make sure that excess supplies of potatoes in each producing area are disposed of locally in the manufacture of starch and flour or used for livestock feed.

Under the plan, therefore, to qualify for potato diversion payments it will be necessary for States or areas exceeding their acreage marketing guides, including those areas already approved, to withhold all cull potatoes, plus 20 percent or more of the potatoes meeting U. S. grade standards.

For those States or areas where potato acreage is within the announced potato planting guides, the withholding requirement applies to all cull potatoes plus 15 percent of those meeting the U. S. grade requirements.

First reports under the program have been most encouraging. Marketing plans were quickly negotiated for Colorado, California, Oregon, Washington, Idaho, and Maine. As a result, potatoes are being diverted into starch and livestock feed.

What To Do

For potato growers interested, and who haven't yet moved in this matter, this means just one thing:

With that initial deadline so close, it's high time to review your marketing plans to see if it isn't possible for you to meet the withholding requirements.

All marketing plans, USDA says, should be submitted to Director, Fruit and Vegetable Division, Agricultural Marketing Service, U. S. Department of Agriculture, Washington 25, D. C.

Woman's Page

WHEN you purchase poultry in a store, can you be sure that it is as good, clean, and wholesome as if you had raised, killed, and dressed it yourself?

You can, says the U. S. Department of Agriculture, if you will be guided by the Federal poultry inspection mark or the combined inspection and grade mark.

These marking devices and their value to you are explained in a new 6-page pamphlet, "USDA Poultry Inspection—A Consumer's Safeguard." In addition to giving basic information on poultry inspection and grading, this report outlines tips on buying and using poultry.

A copy of the new pamphlet may be obtained by writing to the Office of Information, U. S. Department of Agriculture, Washington 25, D. C., and requesting Program Aid 299, "USDA Poultry Inspection—A Consumer's Safeguard."

Beef Grades

Here's something for you farm mothers to watch: The Department of Agriculture has issued a six-page leaflet, "U. S. Grades of Beef" (L. 310).

This describes the grades, shows various cuts. It has a "cooking guide," unique in that it shows cooking methods for any combination of cuts and grades.

Every grade of beef can be utilized by the consumer for some purpose. Many consumers seem to prefer the grade stamped "USDA Choice."

This meat is of high quality. It usually has less fat than beef stamped "USDA Prime." Choice beef is usually available the year round in substantial quantity.

Roasts and steaks from the loin and rib of "USDA Prime" are tender and juicy. Other cuts, such as those from the round or chuck—more suitable for braising and pot roasting—should be tender with a well developed flavor. Other grades include U. S. Prime, U. S. Good, U. S. Standard, U. S. Commercial, and U. S. Utility.

But the best way is to get Leaflet 310. Write to Office of Information, U. S. Department of Agriculture, Washington 25, D. C.

Milk Program

Here's a news note about the Special Milk Program to increase the consumption of milk by children:

You may know about the fine work the program has done in schools during the past 2 years.

But did you know that it's now been extended and expanded?

The program has been continued for 2 more years, and the funds authorized for its operation have been increased by 50 percent.

Schools continue to be eligible for the program, to help serve more milk to their students. And, in addition, it's now available to nursery schools, settlement houses, summer camps, and other child-care institutions.

If you're not taking full advantage of the new developments in the program in your community, write to Editor, Agricultural Situation, for a booklet explaining how it works.

Potato Flakes

Potato flakes, a new dehydrated product used in making mashed potatoes, sold well in a market test in a medium-size city, USDA reports.

Repeat purchases are sufficient to indicate that homemakers like potato flakes.

Plentiful Foods List for January features Eggs and Canned sweet corn.

Other plentifuls are:

**Beef . . . Pork . . . Turkeys . . .
Broilers and fryers . . . Potatoes . . .
Onions . . . Canned purple plums . . .
Dried prunes . . . Dates . . . Milk and
other dairy products . . . Ocean perch
fillets.**

THAT'S NO RIVER, PARDNER IT'S THAT IRRIGATION-WAY

Vegetable growers, tobacco growers, citrus growers, rice and corn growers, dairy farmers—for all of them, irrigation is becoming an increasingly significant factor.

This isn't just a western phenomenon, either. It's true, to a growing extent, even in States like Indiana, Arkansas, New Jersey, and Connecticut where producers seldom, if ever, encounter dust storms, and meet the problems of water hole wars only in the movies.

Irrigated Acreage Up

Between 1949 and 1954, farmers in the 31 States east of the Great Plains increased the number of acres they irrigate from 1.5 million acres to 2.6 million acres. This is still only a small fraction of the national total of 29.6 million irrigated acres in 1954. But to the growers in those 31 States it means that irrigated acreage almost doubled.

The remaining 27 million acres divides into 4 million in the Great Plains States—North and South Dakota, Nebraska, Kansas, Oklahoma, and Texas—and 23 million in the 11 States farther west.

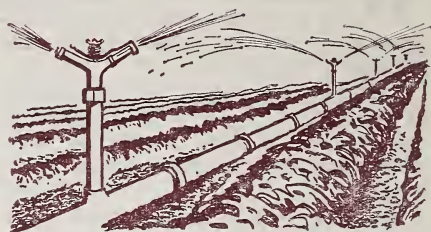
Three of the 31 States east of the Great Plains put the rice growers and the citrus and truck crop growers into the irrigation picture. They are Arkansas, Louisiana, and Florida.

Arkansas and Louisiana have, between them, 1.5 million irrigated acres, more than half the 31 States total. They have large acreages of rice grown under water.

Florida has about 500,000 acres under irrigation. Citrus and truck-crop growing under irrigation is practiced on a large scale in that State.

The other 28 States have only 600,000 irrigated acres among them. Yet there is hardly a crop grown in these 28 States that is not irrigated in some section.

The Department of Agriculture and the Bureau of the Census cooperated in



1955 in a special irrigation census for these 28 States. Usable reports came back from approximately 14,000 farmers. The reports represent about 65 percent of all farms reporting irrigation in 1954. These farmers had 93 percent of the total irrigated acreage.

Altogether, information was obtained on 90 to 100 percent of the irrigated acreage in about half of those 28 States.

Based on preliminary tabulations, here are some of the things this survey showed:

1. Approximately 130 different kinds of crops, hay grasses, vegetables, berries, fruits, and nuts were irrigated in the 28 States in 1954.

2. Roughly, on an acreage basis, 25 percent of the 1954 irrigation was on field crops, including cotton, corn, tobacco, and some small grains. Vegetables accounted for 21 percent. Hay crops, grasses, and pasture for 17 percent. Rice for 14 percent. Irish potatoes for 13 percent. Berries, fruits, and nuts for 5 percent. Flowers and other horticultural crops for 3 percent. Soybeans, cowpeas, peanuts, dry beans, peas, and feed crops for the remainder.

To be more specific:

Tobacco irrigation in North Carolina has been doubling each year between 1951 and 1954. The reason: Acreage is restricted under the farm program. The grower seeks to increase his return by increasing his yield per acre. Connecticut, Georgia, and Kentucky have large acreages of irrigated tobacco.

New Jersey irrigated 30,000 acres of its vegetables, New York 20,000. Penn-

sylvania and Michigan each irrigated 7,000 acres.

Pasture irrigation was important, especially in the Southeastern States. Dairy farmers believe that the increase in carrying capacity and the extended grazing period made possible by irrigation are highly profitable.

The irrigation of corn for grain is important in Indiana, Missouri, Tennessee, and Mississippi.

Cotton Affected

Cotton growers could be added to the groups of farmers who are vitally affected by irrigation if the entire national picture is considered.

Irrigation helped to make California an important cotton-producing State. Growers in the humid Southeastern States are adopting irrigation systems at an increasing rate. While only a small part of the total cotton acreage is irrigated in these States, there are indications popularity of irrigation is increasing in them.

About 6,500 farmers covered in the 28-State survey returned usable replies on the question of irrigation costs.

Cost for sprinkler and other equipment, constructing ponds and drilling wells, and preparing land averaged around \$5,500 per farm. By States, the average cost ranged from about \$2,800 to \$10,000 per farm.

The average of these costs for the acres they irrigated in 1954 was about \$150 per acre. By States, this average cost per acre ranged from \$65 to nearly \$500.

However, these average costs per acre of land irrigated in 1954 may be unrepresentative. To get good average cost figures, records over a period of years may be necessary.

What about returns?

Here is a typical one from North Carolina Agricultural Experiment Station findings at the Oxford, N. C., Tobacco Test Farm. In addition to an increase of 21 percent in average yields, these tests show that irrigated tobacco had less nicotine and more sugar content than non-irrigated.

The irrigated tobacco brought 12.9 cents per pound more than non-irrigated tobacco in 1951. It brought 3.3 cents more in 1952. It brought 5.2 cents more in 1953.

Now, obviously, just using a sprinkler system and lots of enthusiasm isn't enough. But from other Test Station results and reports by farmers themselves it seems safe to say that given the right conditions—dependable water supply, good soils, proper use of fertilizers, a properly designed irrigation system, and good management—irrigation can be profitable for a number of crops. These would include tobacco, vegetables, citrus fruit; in general, crops on which the grower receives a high gross value per acre.

However, it remains true that benefits and costs vary greatly from farm to farm. Each grower needs to appraise his own situation.

The 17 Western States have engaged extensively in irrigation research for a number of years. Both State and Federal funds have been employed. Pennsylvania, South Carolina, Georgia, and Arkansas are other States currently carrying out several lines of research in this field.

Other Programs Help

In addition to research, USDA has several program activities that aid irrigation farmers.

One is administered by the Soil Conservation Service. Another by the Farmers Home Administration.

SCS, through its local Work Unit offices, provides technical guidance in the design and installation of irrigation systems. FHA makes loans for irrigation purposes under specialized conditions.

The FHA program, previously confined to the Western States, was extended to all States on July 1, 1954. During the next 2 years, in the 31 States alone, it made loans for irrigation installation that will water 120,000 acres.

Elco L. Greenshields
Production Economics Research, ARS

FARMERS' PRODUCTION COST

UP ONE-FIFTH IN 7 YEARS

Production costs for American farm operators jumped from \$17,909 million in 1949 to \$21,599 million for 1955, the latest year for which figures are obtainable. This is an increase of 20.6 percent or about one-fifth.

This estimate comes from the Agricultural Marketing Service. The breakdown was made on a State-to-State basis.

In 1949, the American farm operator had to meet a bill of \$13,271 million for his total current farm operating expenses. Depreciation and other consumption of farm capital was estimated at \$2,430 million for that year. Taxes on farm property at \$873 million. Interest on farm mortgage debts at \$243 million. Net rent to nonfarm landlords at \$1,092 million. The total of these items is the production cost.

1955 Costs

In contrast, in 1955, the figures read:

Current operating expenses, \$15,198 million, an increase of almost \$2,000 million; depreciation and other consumption of capital, \$3,734 million, an increase of about \$1,300 million; taxes, \$1,187 million, up somewhat more than \$300 million; interest, \$410 million, an increase of \$167 million. Net rent was \$1,070 million—a decrease of \$22 million.

Breaking down the largest single item—for total current farm operating expenses—you get these results:

In 1949: Feed, \$3,024 million; live-stock, \$1,528 million; seed, \$543 million; fertilizer and lime, \$895 million; repairs and operation of capital items, \$2,847 million; hired labor, \$2,865 million; miscellaneous, \$1,569 million.

In 1955: Feed, \$3,680 million, up more than \$650 million from 1949; live-stock, \$1,542 million, an increase of \$14 million; seed, \$627 million, up \$84 million; fertilizer and lime, \$1,266 million, up more than \$350 million; repairs and operation, \$3,353 million, up about \$500

million; miscellaneous, \$1,980 million, up more than \$400 million. Cost of hired labor was \$2,750 million, a drop of \$115 million.

Total production costs were highest in both years in the West North Central States. These States are North and South Dakota, Nebraska, Kansas, Missouri, Iowa, and Minnesota. Their total production costs were estimated at \$4,402 million in 1949, and at \$5,186 million in 1955, an increase of about \$785 million.

Total current farm operating costs for the West North Central States were, in 1949, \$3,021 million, and, in 1955, \$3,349 million. This is a net increase of about \$325 million.

In 1949, total production expenses were lowest in the South Atlantic States (Florida, Georgia, North and South Carolina, Virginia, West Virginia, Maryland, and Delaware). However, in 1955, total production costs were lowest in the North Atlantic States (New England, New York, New Jersey, and Pennsylvania).

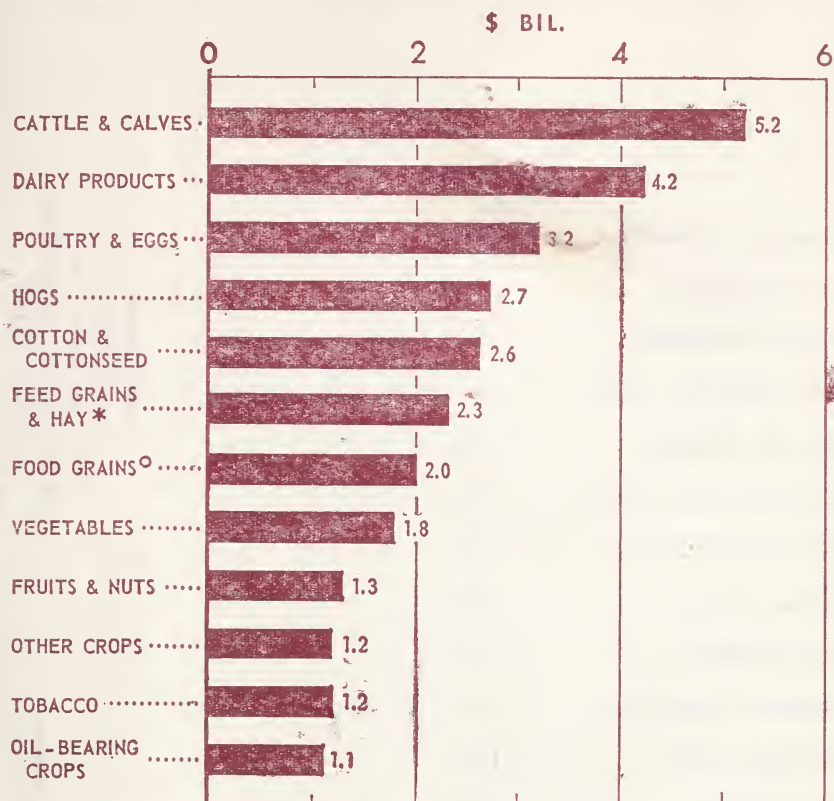
The AMS figures show production costs of \$1,850 million for the South Atlantic States in 1949 increased to \$2,471 million in 1955 with virtually all major expense categories showing substantially larger increases than in the North Atlantic States.

Rise Comparatively Small

On the other hand, the 1949 production costs of \$1,949 million in North Atlantic States rose only to \$2,170 million in 1955.

Total current farm operating expenses in the South Atlantic States rose from \$1,466 million in 1949 to \$1,867 million in 1955 with expenses for feed, repairs and operations of farm capital, and hired labor accounting for most of the rise. In the North Atlantic States, current expenses rose from \$1,587 million in 1949 to \$1,678 million in 1955.

LEADING 1955 U. S. FARM RECEIPTS



* INCLUDES CORN, OATS, BARLEY, GRAIN SORGHUMS, AND HAY

° INCLUDES WHEAT, RYE, RICE, AND BUCKWHEAT

U. S. DEPARTMENT OF AGRICULTURE

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FARMERS' PRICES

Indexes (1910-14=100)	1955		1956			
	Nov.	Year (average)	Aug.	Sept.	Oct.	Nov.
Prices received by farmers-----	224	236	237	236	234	234
Parity index (prices paid, interest, taxes, and wage rates)-----	279	281	288	287	287	289
Parity ratio-----	80	84	82	82	82	81

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Articles In This Publication

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Farmer's share of consumer's
food dollar

October 1956.....	40 percent
September 1956.....	40 percent
October 1955.....	39 percent

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WASHINGTON 25, D. C.

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